

Message Text

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SUBJECT: HIGHLIGHTS OF ALBERT/RHODES DISCUSSIONS WITH TENG
HSIAO-PING AND CHIAO KUAN-HUA

1. SUMMARY. ALBERT/RHODES VISIT HAS GONE REASONABLY WELL. CEREMONIAL
PEAK WILL BE BRIEF MEETING WITH CHU TE; SUBSTANTIVE HIGH POINT
WAS DISCUSSION WITH TENG HSIAO-PING IN WHICH HE FORMULATED
PEKING'S POSITION ON TAIWAN IN USUAL TERMS AND CHARACTERIZED OUR
CURRENT RELATIONSHIP AS "GENERALLY GOOD." CHIAO KUAN-HUA COMPLAINED
ABOUT HANDLING OF PERFORMING ARTS TROUPE, BUT BOTH HE AND TENG IMPLIED

THATPRC INTENDS TO CONTAIN ISSUE. ALBERT/RHODES STRESSED
COMPLEXITIES OF TAIWAN ISSUE FOR US AND NEED FOR TIME AND
GRADUALISM IN RESOLVING PROBLEM. END SUMMARY

2. ATMOSPHERE OF ALBERT/RHODES VISIT HAS BEEN RATHER GOOD--
PERHAPS BETTER THAN COULD HAVE BEEN EXPECTED GIVEN CURRENT
SITUATION IN INDO-CHINA AND RECENT STRAINS OVER POSTPONEMENT OF
PERFORMING ARTS TROUPE. APART FROM SOME BLUNT DINNER CONVERSATION
WITH LOWER LEVEL OFFICIALS, SUBSTANTITVE TALKS HAVE BEEN LIMITED
TO LONG SESSION MARCH 30 WITH FOREIGN MINISTER CHIAO KUAN-HUA
AND SOMEWHAT SHORTER SESSION WITH VICE PREMIER TENG HSIAO-PING
ON APRIL 1. TALKS WERE CANDID AND (DESPITE CONSIDERATION COMMUNICATIONS

PROBLEM CAUSED BY DIFFEREING STYLES OF THE CHINESE AND AMERICAN

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PERFORMERS) RESPECTIVE VIEWPOINTS SEEM TO HAVE GOTTEN ACROSS.

ALTHOUGH CHINESE HAVE BEEN VERY CONSCIOUS THAT VISIT IS TAKING PLACE AT A MOST DIFFICULT TIME FOR US, THERE HAS BEEN NO DISCUSSION OF INDO-CHINA BEYOND CHIAO'S INDIRECT COMMENT THAT US WAS "OVER EXTENDED" IN MUCH OF WORLD, A POINT WITH WHICH CONGRESSMEN GENERALLY AGREED.

3. BOTH SIDES EXPRESSED STRONG SUPPORT FOR CONTINUED NORMALIZATION OF US PRC RELATIONS. CHIAO CHARACTERIZED THE CURRENT SITUATION AS "NOT BAD," WHILE TENG COMMENTED THAT THE DEVELOPEMTN OF OUR RELATIONS HAS BEEN "GOOD AND WE HAVE NOTHING TO COMPLAIN ABOUT." HE SAID THAT WE SHOULD NOT HAVE UNREALISTIC ILLUSIONS ABOUT WHAT WE COULD ACCOMPLISH, THAT OUR RELATIONS WOULD INEVITABLY DEVELOP IN ZIGZAGS, AND THAT THE KEY THING WOULD BE TO OBSERVE THE SPIRIT AND PRINCIPLES OF THE SHANGHAI COMMUNIQUE IN A GRADUAL IMPROVEMENT OF OUR TIES. BOTH TENG AND CHIAO REITERATED THAT FULL NORMALIZATION OF RELATIONS COULD ONLY TAKE PLACE ON THE JAPANESE MODEL AND WOULD REQUIRE A) WITHDRAWAL OF US FORCES FROM TAIWAN, B) ANNULMENT OF US-ROC TREATY, AND C) SEVERING OF US-ROC DIPLOMATIC RELATIONS. THEY ALSO EMPHASIZED THAT IF THE TIME WERE NOT RIPE FOR FULL NORMALIZATION PEKING WAS PREPARED TO WAIT FOR A WHILE. IN BOTH CONVERSATIONS, THE CONGRESSMEN POINTED OUT THAT THE US WAS NOT JAPAN AND FACED FAR MORE DIFFICULT PROBLEMS AND PRESSURES FROM WHICH IT COULD NOT WALK AWAY. WITH CHIAO, THIS ASPECT OF THE

DISCUSSION GOT SLIGHTLY POLEMICAL; WITH TENG THERE WAS LESS ARGUMENT AND HE DID NOT RISE TO ALBERT'S COMMENT THAT "MAYBE SOME OF US WILL HAVE TO DIE BEFORE THE TAIWAN ISSUE IS RESOLVED."

4. TENG AND CHAIO IMPLIED RATHER CLEARLY THAT THE PRC DOESNOT INTEND TO RETALIATE IN ANY DIRECT WAY FOR POSTPONEMENT OF THE PERFORMING ARTS TROUPE. CHIAO COMPLAINED RATHER STRONGLY ABOUT OUR ACTIONS, EVEN TO THE POINT OF ASKING GLEYSTEN TO EXPLAIN THE DEPARTMENT'S POSITION. WHILE HE DID NOT ACCEPT THE RESPONSE OR SHE SUPPORTING REMARKS BY RHODES, HE SAID HE DID NOT WANT TO MAKE TOO MUCH OF THE PROBLEM BECAUSE IT WAS NOT TOO IMPORTANT. TENG REFERRED TO THE ISSUE INDIRECTLY, STATING SUCH PROBLEMS PROBABLY COULD

NOT BE AVOIDED AT THIS STAGE OF OUR RELATIONS. MOREOVER, HE INDICATED THE PRC DOES NOT INTEND TO CANCEL THE TRACK AND FIELD VISIT.

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5. CONGRESSMEN MADE STRONG APPEAL FOR GREATER US-PRC COLLABORATION IN MULTILATERAL ISSUES SUCH AS ENERGY, FOOD, ENVIRONMENT AND ARMS CONTROL. CHIAO AGREED THIS WOULD BE DESIRABLE, BUT STATED THAT THERE WOULD HAVE TO BE LIMITS IN US-PRC CONTACTS IN THESE AREAS PRIOR TO FULL NORMALIZATION OF RELATIONS. IN RESPONSE TO RHODES' SUGGESTION THAT US MIGHT BE ABLE TO ASSIST PRC'S ECONOMIC DEVELOPMENT THROUGH TECHNOLOGY AND RESOURCES, TENG INDICATED THAT THE PRC WOULD CONTINUE WITH ITS BASIC POLICY OF SELF-RELIANCE--THOUGH

THIS POLICY WOULD NOT EXCLUDE PRC'S ABSORBING ADVANCED TECHNOLOGY. HE INDICATED US-PRC TRADE HAD ALREADY DEVELOPED SUBSTANTIALLY AND IMPLIED IT COULD GROW FURTHER AS PRC DEVELOPED GREATER EXPORT SURPLUS. HE SPECIFICALLY REJECTED COOPERATION IN THE FORM OF MULTINATIONAL COMPANIES, FOREIGN LOANS, OR FOREIGN INVESTMENT, BUT HE ACKNOWLEDGED THE BENEFIT OF DEFERRED PAYMENTS SO LONG AS THEY WERE MATCHED TO CHINA'S CAPACITY TO REPAY.

6. CHIAO SHOWED SPECIAL INTEREST IN THE MIDDLE EAST, ASKING FOR CONGRESSMEN'S ASSESSMENT OF SITUATION IN LIGHT OF SECRETARY'S INABILITY TO OBTAIN ISRAELI-EGYPTIAN AGREEMENT. HE ARGUED THAT THE US SHOULD APPLY MORE PRESSURE ON ISRAEL TO ACHIEVE A SETTLEMENT AND

THAT FAILURE TO DO SO WOULD FURTHER ALIENATE THE ARABS AND BENEFIT THE SOVIETS. CONGRESSMEN WERE INCLINED TO AGREE WITH HIS ANALYSIS, POINTING OUT, HOWEVER, THAT IT WAS ONE THING TO BELIEVE ISRAEL SHOULD MAKE MORE CONCESSIONS AND ANOTHER TO PUT THE BELIEF IN PRACTICE. WHILE

CHIAO WAS OBVIOUSLY UNHAPPY THAT SECRETARY'S STEP-BY-STEP APPROACH WAS BEING AT LEAST TEMPORARILY ABANDONED IN FAVOR OF THE GENEVA CONFERENCE, HE ACKNOWLEDGED HE HAD NO BETTER SOLUTION. HE SAID BOTH THE STEP-BY-STEP AND GENEVA APPROACHES WERE ONLY PROCEDURAL MATTERS AND THAT THE ESSENCE OF THE ISSUE WAS FOR THE US TO LEAN HARDER ON ISRAEL.
BUSH

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